

Message Text

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ACTION OES-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 ACDA-12 CIAE-00

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4726

INFO AMEMBASSY BRASILIA

AMEMBASSY LIMA

AMEMBASSY VIENNA

AMEMBASSY OTTAWA

AMEMBASSY BONN

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 1486

USIAEA

E.O. 11652 GDS

TAGS PARM, TECH, MNUC, CA, AR

SUBJECT ARGENTINE-CANADIAN NUCLEAR CONTROVERSY

1. SUMMARY: ACCORDING TO ADMIRAL CASTRO MADERO, ARGENTINE-CANADIAN NUKYKJND COOPERATIONASDXTUEAR EXPORT LAWS MAY SEVERELY RESTRICT FUTURE COOPERATION AND PERHAPS FORCE ARGENTINA TO CANCEL THE CANDU LINE FOR ANOTHER ARRANGEMENT POSSIBLY WITH WEST GERMANY FOR ITS FUTURE NUCLEAR POWER PROGRAM. ARGENTINA MUST MAKE SOME HARD NUCLEAR DECISIONS IN THE NEXT FEW MONTHS RELATIVE TO ACCEPTING FULL SCOPE SAFEGUARDS IN EXCHANGE FOR A NUCLEAR POWER PROGRAM. TO REVERSE ITS ENTIRE NUCLEAR PLAN FROM THE NEAVY WATER CANDU REACTOR PROGRAM WILL PRESENT ENORMOUS PROBLEMS AND COULD CERTAINLY END UP A DISASTER FOR ARGENTINA S NUCLEAR POWER AND COMMERCIAL PLANS. END SUMMARY.

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2. CNEA PRESIDENT, ADMIRAL CASTRO MADERO, IN A PRESS INTERVIEW ON SUNDAY, FEBRUARY 26, ON HIS RETURN TO ARGENTINA FROM HIS MISSION TO CANADA, US, AND VIENNA, SAID THAT, "COOPERATION BETWEEN CANADA AND ARGENTINA SUFFERED A SUBSTANTIAL CHANGE WITH THE APPROVAL OF THE NEW CANADIAN LAWS STATING THAT CANADA WILL NOT PROVIDE NUCLEAR TECHNOLOGY OR MATERIALS IN FUTURE CONTRACTS TO COUNTRIES THAT DO NOT SIGN THE NPT OR DO NOT VOLUNTARILY AGREE TO HAVE ALL OF THEIR

NUCLEAR INSTALLATIONS VERIFIED BY THE IAEA." CASTRO MADERO WENT ON TO SAY, "THE CONVERSATIONS IN CANADA WERE NOT SUFFICIENTLY SATISFACTORY SINCE CANADA WISHES TO OMIT ESSENTIAL CLAUSES INCLUDED IN THE TECHNOLOGY TRANSFER AGREEMENT BETWEEN THE TWO COUNTRIES. THIS CANADIAN ATTITUDE SEEMS TO IMPLY THAT THEY (CANADA) HAVE SOME DOUBTS ABOUT ARGENTINA'S FIRM DETERMINATION TO SUPPORT NON PROLIFERATION OF NUCLEAR WEAPONS." CASTRO MADERO STATED FURTHER THAT, "THE TALKS IN CANADA CONCERNING THE NEW SAFEGUARD REQUIREMENTS ESTABLISHED BY CANADA WILL BE COMMUNICATED TO ARGENTINA SO THAT WE CAN MAKE SOME DETERMINATION ON THIS MATTER." THE PRESS ASKED ADMIRAL CASTRO MADERO IF UNDER THIS NEW SITUATION WERE THERE ANY POSSIBILITIES OF NEGOTIATIONS WITH WEST GERMANY ON TECHNOLOGY TRANSFER. CASTRO MADERO ANSWERED, "THIS IS POSSIBLE BUT ALWAYS UNDER ARGENTINA'S DIRECTION. A REQUEST FOR TECHNOLOGY TRANSFER WITH THE GERMANS IS BEING STUDIED NOW AND THERE WILL BE A DECISION IN JUNE."

3. IN AN ARTICLE IN LA OPINION ENTITLED, "A CHANGE OF POLICY IN ATOMIC ENERGY," ON SATURDAY, FEB 25, MARTINE YRIART (WHO WRITES FREQUENTLY ON NUCLEAR MATTERS) SAID THAT ARGENTINA IS REVIEWING ITS BASIC NUCLEAR POLICY IN REACTOR TECHNOLOGY FOR FUTURE NUCLEOELECTRIC PLANTS. THE PRESENT ARGENTINE NUCLEAR PROGRAM BASED ON UTILIZATION OF NATURAL URANIUM AND CHOICE OF CANDU TECHNOLOGY FOR DESIGN OF FUTURE REACTORS IS RUNNING INTO BASIC SOVEREIGNTY PROBLEMS. YRIART STATED THAT THE GERMAN OFFER OF KWU TECHNOLOGY WAS NOT ACCEPTED PRIMARILY BECAUSE OF ITS DESIGN AND IT WOULD BE DIFFICULT

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TO CONSTRUCT A REACTOR WITH KWU TECHNOLOGY IN ARGENTINA. THE DECISION TO SELECT THE CANDU FROM THE AECL FOR THE EMBALSE PLANT WAS BASED ON THE PREMISE THAT THE AECL WOULD INCLUDE THE TRANSFER OF CANADIAN TECHNOLOGY WHICH IN THE FUTURE WOULD GIVE ARGENTINA THE CAPACITY OF DECISION AND EXECUTION IN THE DESIGN AND CONSTRUCTION OF NUCLEAR PLANTS. THE NEGOTIATION OF THE EMBALSE CONTRACT COMMITTED AECL TO PROVIDE THE EQUIPMENT FOR THIS PLANT AND ALSO TO ESTABLISH AN AGREEMENT FOR TRANSFER. THESE DECISIONS WERE REFLECTED IN DOCUMENTS SIGNED IN 1973 BY BOTH COUNTRIES BUT NOT RATIFIED.

4. ARGENTINA CONSEQUENTLY ASSUMED THAT THE REACTORS FOR THE NEXT FOUR OR FIVE PLANTS WOULD BE SIMILAR TO THE EMBALSE REACTOR. THIS POLICY DID NOT FORESEE THE CHANGES IN POLICY BY CANADA AND THE USE FOLLOWING THE 1974 INDIAN EXPLOSION OF A NUCLEAR DEVICE. CANADA STOPPED SELLING NUCLEAR SUPPLIES ON NEW CONTRACTS TO COUNTRIES WHICH HAD NOT SIGNED THE NPT. THE EMBALSE CONTRACT WAS STARTED ONLY AFTER ARGENTINA AGREED TO A SAFEGUARDS AGREEMENT WITH CANADA MORE STRICT THAN THE NPT. ALSO THE RATIFICATION OF THE TECHNOLOGY TRANSFER AGREEMENT WITH CANADA WAS DELAYED INDEFINITELY AND THE POSSIBILITY OF OBTAINING A SECOND REACTOR FROM CANADA FOR ATUCHA II NOW SEEMS REMOTE. IN FACT, BECAUSE OF THIS, THE

CNEA REOPENED THE POSSIBILITY OF A FUTURE ATUCHA II PLANT WITH

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GERMAN KWU REACTORS. YRIART SAYS THIS POSSIBILITY IS BE
ING CAREFULLY STUDIED BY THE GOVERNMENT.

5. IN ANOTHER LA OPINION ARTICLE APPEARING YESTERDAY, TRIART
STATED THAT CANADA STILL RESISTS RATIFYING THE TECHNOLOGY TRANSFER
AGREEMENT WITH ARGENTINA; AND CANADA STATES IT SHOULD ONLY APPLY
THE TECHNOLOGY TRANSFER NECESSARY FOR THE EMBALSE PLANT. ARGENTINA
FEELS THAT THE OBJECTIVE OF THIS AGREEMENT
IS TO PROVIDE KNOW HOW NECESSARY TO DESIGN AND CONSTRUCT FUTURE
TYPE CANDU REACTOS CONTEMPLATED UNDER THE COUNTRYS
NUCLEAR PLAN. IF THIS PROBLEM IS NOT RESOLVED, YRIART SAYS THAT
ARGENTINA WILL PERHAPS HAVE TO SUSPEND THE CANDU LINE. THE MADERO
MISSION HAS ALLOWED THE CLARIFICATION OF THE TWO POSITIONS AND
FUTURE NEOTIATIONS WILL BE DIFFICULT.

6. COMMENTS: SCIENCE COUNSELOR MET YESTERDAY WITH JE KEPPEL,
COMMERICAL COUNSELOR (HANDLES NUCLEAR AFFAIRS) AND, AT PRESNET,
CHARGE D AFFAIRES AT THE CANADIAN EMBASSY. KEPPEL SAID THAT CASTRO MA
DERO SOMEWHAT DRAMATICALLY OVERSTATED THE CASE. THE
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EMBALSE CONTRACT WILL NOT BE AFFECTED AT ALL BY THE NEW CANADIAN NUCLEAR EXPORT POLICY THAT WENT INTO EFFECT IN DECEMBER, 1977. THE CANADIANS ARE FULLY COMMITTED TO THE EMBALSE REACTOR PLANT THAT NOW WILL BE COMPLETE IN ABOUT TWO AND HALF TO THREE YEARS. THE PLANT WILL BE COVERED BY COMPLEQC SAFEGUARDS BUT WILL NOT EFFECT OTHE ARGENTINE NUCLEAR PLANTS OR FACILITIES. THE NEW CANADIAN EXPORT POLICY STATES THAT "SHIPMENTS TO NON WEAPON STATES UNDER FUTURE CONTRACTS (IE IS FROM DEC 1979) WILL BE RESTRICTED TO THOSE WHICH RATIFY THE NON PROLIFERATION TREATY OR OTHERWISE ACCEPT INTERNATINAL SAFEGUARDS ON THEIR ENTIRE NUCLEAR PROGRAM. IT ALSO FOLLOWS THAT CANADA WILL TERMINATE NUCLEAR SHIPMENTS TO ANY NON NUCLEAR WEAPON STATE WHICH EXPLODES A NUCLEAR DEVICE.

KEPPER INDICATED THAT THE NEW CANADIAN POLICY DOES NOT LIMIT ARGENTINA TO SIGNING THE NPT. THEY COULD ACCEPT FULL SCOPE SAFE GUARDS ON ALL NUCLEAR FACILITIES THROUGH INTERNATIONAL CONTROL SUCH AS IAEA.

THIS NEW POLICY MAY LIMIT FUTURE CANADIAN NUCLEAR SALES TO ARGENTINA, PARTICULARILY A SECOND CANDU AT ATUCHA. HOWEVER, ARGENTINA WOULD HAVE TO REVERSE ITS ENTIRE NUCLEAR POLICY AND PROGRAM PLANS TO MOVE AWAY FROM THE CANDU TYPE REACTOR FOR ITS NUCLEA R POWER PROGRAM.

CASTRO MADERO SEEMS TO BE CALLING THE NUCLEAR SHOTS THESE DAYS AND HAS DEVELOPED A HARD LINE. IT IS ASSUMED THAT HE WILL BE ALLOWED TO PURSUE THESE POLICIES AS LONG AS THE ARMY IS SATISFIED WITH THESE POLICIES. KEPPER FEELS THAT THE GOA MUST MAKE SOME HARD DECISION SOON AND BITE THE BULLET AND ACCEPT FULL SCOPE SAFEGUARDS IF THEY WANT TO MOVE AHEAD WITH A UNIFORM HEAVY WATER CANDU NUCLEAR POWER PROGRAM SUFFICIENT FOR THEIR NEEDS.

TO TURN THE WEST GERMANS HOW FOR ASSISTANCE WOULD PRESENT MANY PROBLEMS SINCE ARGENTINA WOULD HAVE TO TURN TO LIGHT WATER REACTORS IN ORDER TO MAINTAIN THE NECESSARY MW POWERORJD
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ALSO, THEY WOULD PROBABLY HAVE TO ACCEPT FULL SCOPE SAFEGUARDS IN THE FUTURE WITH THE GERMAN TECHNOLOGY UNDER THE NEW LONDON CLUB SAFEGUARD REGIME. KEPPER MENTIONED THAT THE NEW CANADIAN AMBASSADOR, MR DWIGHT FULLFORD, WILL ARRIVE THIS SATURDAY. FULLFORD IS A NUCLEAR EXPERT AND AN IDEAL CHOICE FOR THE ARGENTINE POST.
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